Scorecard for Missouri's Workforce, Education and Economic Systems

Introduction

It is critical that Missouri's state and local workforce investment boards, career centers (One-Stop centers), education entities, and economic development entities be able to evaluate collective system performance and determine whether their integrated efforts are moving toward their vision of excellence. Education outcomes reflect success in developing a skilled and educated citizenry; skilled and educated citizens become productive employees and contribute to the economic prosperity of the state; economic prosperity leads to a quality of life Missouri can use to draw both business and new citizens. One way to address this is to talk about a balanced scorecard of performance ***measures and indicators.***

Why Use A Balanced Scorecard Approach

A balanced scorecard of indicators provides a variety of measures to guide your planning and tactical decisions. Consider the dashboard of a car. It has many indicators of your car's ultimate ability to take you where you want to go. The outcome measure is whether you reached your destination on time, and the indicators on your dashboard tell you what your odds are of meeting the outcome. If you look solely at the speed but ignore the gas gauge, running out of gas could cause you to be late even if you maintain a high speed. If you focus on the RPMs and ignore engine-warning lights, you may also jeopardize your ability to attain the desired outcome. Having a half tank of gas versus a full tank of gas doesn't necessarily mean you are going to fail. You merely use that indicator to make the tactical decision about whether you need to buy more gasoline, considering how far away you are from your destination.

Similarly, businesses and governmental agencies must determine what measures and indicators they need to examine on a regular basis. The balanced scorecard is not only used by management to observe whether the system is on course, but also as a means of communication. The indicators clarify policy direction and priorities and allow employees to direct their energy toward desired results.

Note: The Corporation for a Skilled Workforce assisted the Missouri with the development of the workforce investment system performance scorecard.

Elements of a Balanced Scorecard for Missouri's One-Stop System

Missouri's state and local area career center system staff must currently manage many performance measures across partner programs with several different state and federal agency reporting and accountability requirements. By law, this must continue as each program and its funding stream is held individually accountable. However, career center systems do not have long to convince employers, job seekers and community leaders they have value. It is vital for those who lead to know if the ***system*** (not individual programs and their funding) is meeting the test. The test is whether career centers operated by consortia of government agencies can increase their rate of improvement enough to remain viable. Career centers have few choices; they can:

- Become agile, entrepreneurial and highly responsive to markets; or
- Become marginal players for low-wage jobs and low-skilled workers; or
- Become irrelevant and die.

Fundamental changes would include:

- Shifting focus at career centers to career advising;
- Becoming excellent at some services – ***what are we known for?***
- Diversifying the funding base to include a strong fee-for-service component; and
- Challenging old operational assumptions – become a true joint venture with shared partner investors, which must realize a return on their investment.

Creating a ***balanced scorecard*** approach will drive a set of mutual expectations for outcomes from the state to the local boards, and on to Missouri career center operators.

By being outcome focused, a true look at how the system is working can be judged and corrective actions can be taken to ensure expectations are met. Following is a suggested breakdown of the major scorecard elements that could drive a vision for excellence. State and local entities working together need to engage in a dialogue about what is important, what the indicators of success should be, and how those indicators support the state's strategic direction. Whatever final indicators are selected, they need to be:

- Few in number and aligned with the mission.
- Easily understood by the general public.
- Practical and affordable to collect.
- Acknowledge unique market niche(s), not trying to be all things to all people.
- Integrated or aligned with federal and state priorities.
- Promote partner ownership and integration in the system.
- Flexible, to change as the economy and community priorities change.
- Address the information needs that various stakeholders have for the One-Stop.

Balanced Scorecard of Performance Indicators for Career Centers

Measures and indicators can be either lagging or leading. Good systems depend on both lagging and leading measures and indicators to help steer the system.

Missouri Career Center System Scorecard Measures and Indicators

Outcomes for Employer Customers			***Outcomes for Individual Customers***		
Measure	**Definition**	**Focus**	**Measure**	**Definition**	**Focus**
Employer Satisfaction	Employer's overall satisfaction with services. *Consider focusing only on employers in the target clusters.*	System >80% Qtrly	Customer Satisfaction	Overall satisfaction with services. *Consider focusing on customers who are enrolled in training for occupations in the target clusters.*	System >80% Qtrly
Market Penetration	Percentage of all employers having job openings that are served in a given year.	System >5% above baseline Annually	Increased Earnings	Percent of customers with increased earnings. May include amount of increase.	System >65% will meet or exceed self-sufficiency threshold
Market Share	Percent of all new jobs filled by the system.	System >20%	Entered Employment Rate	Evidence of employment in the 1st quarter after exit or comparable program-defined service.	System >80% Monthly
Cycle-time	Time between the date a job is listed and the date the job is filled.	System <30 days	Market Penetration	Percent of job seekers who acquire new jobs that are served in a given year.	System >5% above baseline Annually
Turnover	Percent of new hires who are not employed with firm at the end of 1 year.	System <20%	Market Share	Percent of all new jobs filled by the system registrants.	System >20%
			Cycle-time	Time between the date of full registration and the date of employment.	System <30 days
			Training-Related Credential	Percent of trained customers who earn a nationally recognized skill-based credential. *Targeted Clusters*	System >75% Qtrly
			Employment Retention	Percent of exiters employed in the 2nd, 4th & 8th quarters after exit.	System >75%

Below is an outline of common performance indicators that are being considered by Workforce Investment Boards around the country:

System Usage & Market Penetration

- Percent of total employers using system
- Percent of jobs that are "good"
- Percent of total population using system
- Percent of individuals with "good" skills

Meeting Employer Needs

- Percent of employer job orders filled
- Percent of high-demand jobs filled

Building Skill Base (Workforce Development)

- Number of skilled workers added to labor market
- Relation of subsidized skills to skills shortages
- Building job base (economic development)
- Number of skilled persons who can't find jobs
- Number of skilled persons commuting out of the region

" Pipeline" capacity

- What skill production facilities to we have?
- Relationship of skill production to skill demand
- Where do grads go? Are we a skills exporter?

Customer Satisfaction

- Are employers happy? At what points?
- Are individuals happy? At what points?

Elements of a Balanced Scorecard for Missouri's Education System

Missouri must position itself to be competitive in the emerging economy of advanced manufacturing and high skill services sectors, as well as an increasingly competitive national and global market. An educated workforce is a key element in a strong economy. When looking at occupational projections and skill assessments, one can see that the state's employers will require a higher level of education and skill development for future employees than is now being afforded. The knowledge and training available through secondary and post-secondary educational programs contribute significantly to creating a workforce capable of succeeding in and adapting to the changes in the new economy. Well-educated citizens are also better equipped to contribute to society and participate more effectively in developing their careers.

A high level of educational attainment carries both economic and social benefits. As employers raise their expectations of the minimum requirements for many jobs, education that provides the necessary skills and knowledge has become essential.

A rising need among workforce boards and other policy groups across the nation is to identify the demand for skills in addition to occupations. "It doesn't matter what we call them," an employer will say. "It's what they do that matters." For example, many employers say "get us someone with basic skills and we'll train them from there," but workforce practitioners have struggled to understand what the basic knowledge and skill needs are beyond "come to work on time, dress right, and get along well with others." It now appears as though a new set of basic skills is emerging that includes more advanced abilities, such as critical thinking, judgment and decision-making, and problem identification.

To accomplish the task of answering "What skills are most important in Missouri's labor market?" skills information was combined with the relevant occupational data. The top occupations were combined with information supplied from the Occupational Information Network (O*Net). Those skills are:

- **Academic Skills**: reading and comprehension, math skills;
- **Work Ethic**: attitude toward supervision, self-initiative, punctuality, and perseverance;
- **Social Skills**: communication, listening, working with diverse cultures and people, leadership ability, teamwork ability, phone skills/professionalism, physical appearance;
- **Workplace Skills**: acquiring and using new information, computer literacy, using resources wisely, performing technical tasks;
- **Thinking Skills**: problem solving, decision-making, learning new skills, understanding graphs/charts.

Keeping Our Kids in School

To gain those skills mentioned above that are needed to succeed in the workforce, Missouri students must complete high school. In the 2001-2002 school year, nearly one of every 27 students (**3.8**%) between the grades of 9 and 12 in Missouri dropped out. Within the state, dropout rates ranged from 0% to 11.3%. That alone represents almost ten thousand students (**9,982**) who dropped out of high school in the 2001-2002 school year.[1] Over a four-year period, that totals to nearly **40,000** students.

That is a large quantity of young people, the emerging workforce, that will neither be prepared academically nor occupationally to meet the challenges both employers and society will place on them. This is unacceptable to a state that wants and needs to progress toward a new economy.

[1] http://www.dese.state.mo.us/planning/profile/000000.html

"Over 25 to 30 years, a dropout can end up costing a community as much as $500,000 in public assistance, healthcare, and incarceration costs. Conversely, earning a high school diploma can add almost $500,000 in earning power over a worker's career."[2]

To create the required attitudinal change will require a major campaign from the state and the business stakeholders.

Balanced Scorecard of Educational Performance Indicators

It is as essential to have a balanced set of measures and indicators for Missouri's K-12 and post-secondary education system as it is for the Missouri Career Center system. The elements of a scorecard should contain both leading and lagging measures/ indicators to provide policy direction and strategic planning efforts, with the information about ***outcomes*** necessary to drive the best system solutions for Missouri. Following is a suggested scorecard approach for Missouri's education system.

Missouri's Education System Scorecard Measures and Indicators

Leading Indicators	Measure
MAP Scores in K-12 (Reading and Math) Source: CTB-McGraw Hill	State Exams Results at Required Intervals Higher % On Grade Level Year Over Year
Students Enrolled in Advanced Placement Classes (including Advanced Career Technical and dual credit classes) Source: DESE Core Data	% of Students Enrolled % Gaining College Credits % of Students Scoring 3 or Higher on AP Exams % Gaining a Credential
ACT Scores (Subscale Scores) Source: ACT	% of Students Taking Exams Increase in Scores Year over Year
Lagging Indicators	**Measure**
Graduation Rates (Secondary) Source: DESE Core Data	% of Students Graduating Increase in Graduate % Year Over Year
Drop Out Rates (Secondary) Source: DESE Core Data	% of Student Drop Outs Decrease in Drop Outs Year Over Year
Students Entering Post-Secondary Education (Review of Disaggregated Data) Source: EMAS/IPEDS	% of Students Entering Post-Secondary Education % of All Students Entering Post-Secondary Education Enrolled In MO Institutions Compared To % Entering Other States' Institutions
Students Completing Post-Secondary Education - Source: EMAS/IPEDS	% of Students Completed versus Entered Over Expected Period to Complete
Remediation Rates (Reading and Math) Source: EMAS	% of Students Requiring Remedial Classes Entering Public Post-Secondary Institutions
Adult Literacy Rates Source: National Center for Educational Statistics	Status of Literacy Among Citizens Age 16 and Over in Levels of Distribution of Adult Literacy Over Time
Education Attainment Source: Census Data	Higher Overall % With Post-Secondary degrees and/or Certifications
GED Attainment Source: DESE GED Testing Section	% of Students Earning a GED

[2] USA Today, June 18, 2003, Education Article pg. 6D

Elements of a Balanced Scorecard for Missouri's Economic System

Daily headlines tell a compelling story of the churn faced by manufacturers: plant closures; moves of operations across the state, country and world; ownership changes of operations; major management changes, and more. Two kinds of reactions typically are found:

- ***Competing on low wage production.*** Many markets, mostly in other nations, are competing for jobs on the basis of low wages and operating costs. This approach tends to be attractive for relatively simple, repetitive jobs (old style).
- ***Competing on high skills that can support higher wages.*** This model is the so-called "advanced production" approach. These employers organize work to take full advantage of a skilled, flexible workforce and of state-of-the-art automation to reach success in more complex operations. This is where most communities focused on manufacturing are trying to compete today. Industry growth will require higher-level skills coming from higher educational attainment, not from training alone.

There is no guarantee that Missouri will become a region in which advanced production operations can sustain good paying jobs. Indeed, some regions in the nation that once enjoyed large concentrations of branch manufacturing plants are today essentially ghost towns, while others are enjoying newfound success as the locations for new, more competitive operations.

The challenge for Missouri is to fully embrace the notion of becoming a high skills state that is focused on growing employment in advanced production and other growth sectors that can use those skills successfully. The end result should be higher wages and a higher quality of life. It will require this state to develop along two fronts:

1. Product producers requiring high knowledge and skills, and
2. Firms that are headquarters, research & development facilities, and policy setting organizations.

Improving incomes will require moving away from a traditional branch manufacturing base and to a diversified mix of knowledge (advanced) manufacturing, services, biosciences, and healthcare industries.

The Economic System Scorecard will measure Missouri's performance against the nation and where appropriate against other industrialized countries.

Missouri's Economic System Scorecard – A Contextual Framework

Economic Indicators	Measurements
Poverty Rate	Decrease in % of Adults Considered In Poverty by Federal Standards
Wage Gain	Increase in Real Wages Year over Year Compared To National Increase
Median Household Income	Increase in Total Household Income Year over Year Compared To National Increase
Industry Diversity	% Each Major Industry Occupies Against the Total Industry Base (More Diverse the Better)
Value of Goods and Services Exported to Other States and Countries	% of Real Dollar Value of Goods and Services Exported Compared to Total (Higher % the Better)
Gross Domestic Product (GDP) Value of All Goods and Services Produced In Missouri	Total GDP Dollar Value Produced (Higher the Better)
GDP Per Capita Growth	% Growth Year over Year (Productivity Indicator, Higher the Better)
New Businesses Established	Number of New Businesses % Growth In New Businesses Year over Year
Businesses Declaring Bankruptcy (Out of Business)	Number of Businesses Declaring Bankruptcies Decreased % of Businesses Declaring Bankruptcies Year over Year
Permanent Job Loss	Number of Jobs Lost Decreased % of Total Labor Force Lost Jobs
Permanent Job Creation	Number of Jobs Created Increased % of Total Labor Force from Created Jobs
Employment Participation	Increased % of Total Labor Force Participating (Higher the Better) to exceed the national average.
Unemployment Rate	State's Unemployment Rate (%) Compared to National Rate
Non-Violent Crime	% of Total Crime Categorized As Non-Violent (Decrease Over Time)